



General Assembly

February Session, 2016

Raised Bill No. 5576

LCO No. 2548



Referred to Committee on COMMERCE

Introduced by:
(CE)

***AN ACT CONCERNING THE ESTABLISHMENT OF A STATE-WIDE
MARKETING AND PROMOTION ACCOUNT AND THE APPLICATION
OF A FLAT-RATE OCCUPANCY TAX TO BED AND BREAKFASTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2016*) There is established an
2 account to be known as the "state-wide marketing and promotion
3 account" which shall be a separate, nonlapsing account within the
4 General Fund. The account shall contain any moneys required by law
5 to be deposited in the account. Moneys in the account shall be
6 expended by the Commissioner of Economic and Community
7 Development for the purposes of promoting tourism in the state in
8 order to maximize the amount of revenue generated by the tax
9 imposed on hotels, bed and breakfast establishments and lodging
10 houses under section 12-408 of the general statutes, as amended by this
11 act.

12 Sec. 2. Section 12-407 of the 2016 supplement to the general statutes
13 is repealed and the following is substituted in lieu thereof (*Effective July*
14 *1, 2016, and applicable to sales occurring on or after said date*):

15 (a) Whenever used in this chapter:

16 (1) "Person" means and includes any individual, firm,
17 copartnership, joint venture, association, association of persons
18 however formed, social club, fraternal organization, corporation,
19 limited liability company, foreign municipal electric utility as defined
20 in section 12-59, estate, trust, fiduciary, receiver, trustee, syndicate, the
21 United States, this state or any political subdivision thereof or any
22 group or combination acting as a unit, and any other individual or
23 officer acting under the authority of any court in this state.

24 (2) "Sale" and "selling" mean and include:

25 (A) Any transfer of title, exchange or barter, conditional or
26 otherwise, in any manner or by any means whatsoever, of tangible
27 personal property for a consideration;

28 (B) Any withdrawal, except a withdrawal pursuant to a transaction
29 in foreign or interstate commerce, of tangible personal property from
30 the place where it is located for delivery to a point in this state for the
31 purpose of the transfer of title, exchange or barter, conditional or
32 otherwise, in any manner or by any means whatsoever, of the property
33 for a consideration;

34 (C) The producing, fabricating, processing, printing or imprinting of
35 tangible personal property for a consideration for consumers who
36 furnish either directly or indirectly the materials used in the
37 producing, fabricating, processing, printing or imprinting, including,
38 but not limited to, sign construction, photofinishing, duplicating and
39 photocopying;

40 (D) The furnishing and distributing of tangible personal property
41 for a consideration by social clubs and fraternal organizations to their
42 members or others;

43 (E) The furnishing, preparing, or serving for a consideration of food,
44 meals or drinks;

45 (F) A transaction whereby the possession of property is transferred
46 but the seller retains the title as security for the payment of the price;

47 (G) A transfer for a consideration of the title of tangible personal
48 property which has been produced, fabricated or printed to the special
49 order of the customer, or of any publication, including, but not limited
50 to, sign construction, photofinishing, duplicating and photocopying;

51 (H) A transfer for a consideration of the occupancy of any room or
52 rooms in a hotel, bed and breakfast establishment or lodging house for
53 a period of thirty consecutive calendar days or less;

54 (I) The rendering of certain services, as defined in subdivision (37)
55 of this subsection, for a consideration, exclusive of such services
56 rendered by an employee for the employer;

57 (J) The leasing or rental of tangible personal property of any kind
58 whatsoever, including, but not limited to, motor vehicles, linen or
59 towels, machinery or apparatus, office equipment and data processing
60 equipment, provided for purposes of this subdivision and the
61 application of sales and use tax to contracts of lease or rental of
62 tangible personal property, the leasing or rental of any motion picture
63 film by the owner or operator of a motion picture theater for purposes
64 of display at such theater shall not constitute a sale within the meaning
65 of this subsection;

66 (K) The rendering of telecommunications service, as defined in
67 subdivision (26) of this subsection, for a consideration on or after
68 January 1, 1990, exclusive of any such service rendered by an employee
69 for the employer of such employee, subject to the provisions related to
70 telecommunications service in accordance with section 12-407a;

71 (L) (i) The rendering of community antenna television service, as
72 defined in subdivision (27) of this subsection, for a consideration on or
73 after January 1, 1990, exclusive of any such service rendered by an
74 employee for the employer of such employee. For purposes of this
75 chapter, "community antenna television service" includes service

76 provided by a holder of a certificate of cable franchise authority
77 pursuant to section 16-331p, and service provided by a community
78 antenna television company issued a certificate of video franchise
79 authority pursuant to section 16-331e for any service area in which it
80 was not certified to provide community antenna television service
81 pursuant to section 16-331 on or before October 1, 2007;

82 (ii) The rendering of certified competitive video service, as defined
83 in subdivision (38) of this subsection, for consideration on or after
84 October 1, 2007, exclusive of any such service rendered by an
85 employee for the employer of such employee;

86 (M) The transfer for consideration of space or the right to use any
87 space for the purpose of storage or mooring of any noncommercial
88 vessel, exclusive of dry or wet storage or mooring of such vessel
89 during the period commencing on the first day of October in any year
90 to and including the thirty-first day of May of the next succeeding
91 year;

92 (N) The sale for consideration of naming rights to any place of
93 amusement, entertainment or recreation within the meaning of
94 subdivision (3) of section 12-540;

95 (O) The transfer for consideration of a prepaid telephone calling
96 service, as defined in subdivision (34) of this subsection, and the
97 recharge of a prepaid telephone calling service, provided, if the sale or
98 recharge of a prepaid telephone calling service does not take place at
99 the retailer's place of business and an item is shipped by the retailer to
100 the customer, the sale or recharge shall be deemed to take place at the
101 customer's shipping address, but, if such sale or recharge does not take
102 place at the retailer's place of business and no item is shipped by the
103 retailer to the customer, the sale or recharge shall be deemed to take
104 place at the customer's billing address or the location associated with
105 the customer's mobile telephone number; and

106 (P) The furnishing by any person, for a consideration, of space for

107 storage of tangible personal property when such person is engaged in
 108 the business of furnishing such space, but "sale" and "selling" do not
 109 mean or include the furnishing of space which is used by a person for
 110 residential purposes. As used in this subparagraph, "space for storage"
 111 means secure areas, such as rooms, units, compartments or containers,
 112 whether accessible from outside or from within a building, that are
 113 designated for the use of a customer, where the customer can store and
 114 retrieve property, including self-storage units, mini-storage units and
 115 areas by any other name to which the customer has either unlimited
 116 free access or free access within reasonable business hours or upon
 117 reasonable notice to the service provider to add or remove property,
 118 but does not mean the rental of an entire building, such as a
 119 warehouse. For purposes of this subparagraph, furnishing space for
 120 storage shall not include general warehousing and storage, where the
 121 warehouse typically handles, stores and retrieves a customer's
 122 property using the warehouse's staff and equipment and does not
 123 allow the customer free access to the storage space and shall not
 124 include accepting specific items of property for storage, such as
 125 clothing at a dry cleaning establishment or golf bags at a golf club.

126 (3) (A) "Retail sale" or "sale at retail" means and includes a sale for
 127 any purpose other than resale in the regular course of business of
 128 tangible personal property or a transfer for a consideration of the
 129 occupancy of any room or rooms in a hotel, bed and breakfast
 130 establishment or lodging house for a period of thirty consecutive
 131 calendar days or less, or the rendering of any service described in
 132 subdivision (2) of this subsection. The delivery in this state of tangible
 133 personal property by an owner or former owner thereof or by a factor,
 134 if the delivery is to a consumer pursuant to a retail sale made by a
 135 retailer not engaged in business in this state, is a retail sale in this state
 136 by the person making the delivery. Such person shall include the retail
 137 selling price of the property in such person's gross receipts.

138 (B) "Retail sale" or "sale at retail" does not include any sale of any
 139 tangible personal property, where, no later than one hundred twenty

140 days after the original sale, the original purchaser sells or becomes
141 contractually obligated to sell such property to a retailer who is
142 contractually obligated to lease such property back to such original
143 purchaser in a lease that is taxable under this chapter or the sale of
144 such property by the original purchaser to the retailer who is
145 contractually obligated to lease such property back to such original
146 purchaser in a lease that is taxable under this chapter. If the original
147 purchaser has paid sales or use tax on the original sale of such
148 property to the original purchaser, such original purchaser may (i)
149 claim a refund of such tax under the provisions of section 12-425, upon
150 presentation of proof satisfactory to the commissioner that the mutual
151 contractual obligations described in this subparagraph were
152 undertaken no later than one hundred twenty days after the original
153 sale and that such tax was paid to the original retailer on the original
154 sale and was remitted to the commissioner by such original retailer or
155 by such original purchaser, or (ii) issue at the time of such original sale
156 or no later than one hundred twenty days thereafter a certificate, in the
157 form prescribed by the commissioner, to the original retailer certifying
158 that the mutual contractual obligations described in this subparagraph
159 have been undertaken. If such certificate is issued to the original
160 retailer at the time of the original sale, no tax on the original sale shall
161 be collected by the original retailer from the original purchaser. If the
162 certificate is issued after the time of the original sale but no later than
163 one hundred twenty days thereafter, the original retailer shall refund
164 to the original purchaser the tax collected on the original sale and, if
165 the original retailer has previously remitted the tax to the
166 commissioner, the original retailer may either treat the amount so
167 refunded as a credit against the tax due on the return next filed under
168 this chapter, or claim a refund under section 12-425. If such certificate
169 is issued no later than one hundred twenty days after the time of the
170 original sale but the tangible personal property originally purchased is
171 not, in fact, subsequently leased by the original purchaser, such
172 original purchaser shall be liable for and be required to pay the tax due
173 on the original sale.

174 (4) "Storage" includes any keeping or retention in this state for any
175 purpose except sale in the regular course of business or subsequent use
176 solely outside this state of tangible personal property purchased from
177 a retailer.

178 (5) "Use" includes the exercise of any right or power over tangible
179 personal property incident to the ownership of that property, except
180 that it does not include the sale of that property in the regular course
181 of business.

182 (6) "Storage" and "use" do not include (A) keeping, retaining or
183 exercising any right or power over tangible personal property shipped
184 or brought into this state for the purpose of subsequently transporting
185 it outside the state for use thereafter solely outside the state, or for the
186 purpose of being processed, fabricated or manufactured into, attached
187 to or incorporated into, other tangible personal property to be
188 transported outside the state and thereafter used solely outside the
189 state, or (B) keeping, retaining or exercising any right or power over
190 tangible personal property acquired by the customer of a commercial
191 printer while such property is located at the premises of the
192 commercial printer in this state pursuant to a contract with such
193 printer for printing and distribution of printed material if the
194 commercial printer could have acquired such property without
195 application of tax under this chapter.

196 (7) "Purchase" and "purchasing" means and includes: (A) Any
197 transfer, exchange or barter, conditional or otherwise, in any manner
198 or by any means whatsoever, of tangible personal property or of the
199 occupancy of any room or rooms in a hotel, bed and breakfast
200 establishment or lodging house for a period of thirty consecutive
201 calendar days or less for a consideration; (B) a transaction whereby the
202 possession of property is transferred but the seller retains the title as
203 security for the payment of the price; (C) a transfer for a consideration
204 of tangible personal property which has been produced, fabricated or
205 printed to the special order of the customer, or of any publication; (D)
206 when performed outside this state or when the customer gives a resale

207 certificate pursuant to section 12-410, the producing, fabricating,
208 processing, printing or imprinting of tangible personal property for a
209 consideration for consumers who furnish either directly or indirectly
210 the materials used in the producing, fabricating, processing, printing
211 or imprinting; (E) the acceptance or receipt of any service described in
212 any of the subparagraphs of subdivision (2) of this subsection; (F) any
213 leasing or rental of tangible personal property. Wherever in this
214 chapter reference is made to the purchase or purchasing of tangible
215 personal property, it shall be construed to include purchases as
216 described in this subsection.

217 (8) (A) "Sales price" means the total amount for which tangible
218 personal property is sold by a retailer, the total amount of rent for
219 which occupancy of a room is transferred by an operator, the total
220 amount for which any service described in subdivision (2) of this
221 subsection is rendered by a retailer or the total amount of payment or
222 periodic payments for which tangible personal property is leased by a
223 retailer, valued in money, whether paid in money or otherwise, which
224 amount is due and owing to the retailer or operator and, subject to the
225 provisions of subdivision (1) of section 12-408, as amended by this act,
226 whether or not actually received by the retailer or operator, without
227 any deduction on account of any of the following: (i) The cost of the
228 property sold; (ii) the cost of materials used, labor or service cost,
229 interest charged, losses or any other expenses; (iii) for any sale
230 occurring on or after July 1, 1993, any charges by the retailer to the
231 purchaser for shipping or delivery, notwithstanding whether such
232 charges are separately stated in a written contract, or on a bill or
233 invoice rendered to such purchaser or whether such shipping or
234 delivery is provided by the retailer or a third party. The provisions of
235 subparagraph (A) (iii) of this subdivision shall not apply to any item
236 exempt from taxation pursuant to section 12-412. Such total amount
237 includes any services that are a part of the sale; except as otherwise
238 provided in subparagraph (B)(v) or (B)(vi) of this subdivision, any
239 amount for which credit is given to the purchaser by the retailer, and
240 all compensation and all employment-related expenses, whether or not

241 separately stated, paid to or on behalf of employees of a retailer of any
242 service described in subdivision (2) of this subsection.

243 (B) "Sales price" does not include any of the following: (i) Cash
244 discounts allowed and taken on sales; (ii) any portion of the amount
245 charged for property returned by purchasers, which upon rescission of
246 the contract of sale is refunded either in cash or credit, provided the
247 property is returned within ninety days from the date of purchase; (iii)
248 the amount of any tax, not including any manufacturers' or importers'
249 excise tax, imposed by the United States upon or with respect to retail
250 sales whether imposed upon the retailer or the purchaser; (iv) the
251 amount charged for labor rendered in installing or applying the
252 property sold, provided such charge is separately stated and exclusive
253 of such charge for any service rendered within the purview of
254 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
255 provisions of subdivision (4) of section 12-430 or of section 12-430a are
256 applicable, any amount for which credit is given to the purchaser by
257 the retailer, provided such credit is given solely for property of the
258 same kind accepted in part payment by the retailer and intended by
259 the retailer to be resold; (vi) the full face value of any coupon used by a
260 purchaser to reduce the price paid to a retailer for an item of tangible
261 personal property, whether or not the retailer will be reimbursed for
262 such coupon, in whole or in part, by the manufacturer of the item of
263 tangible personal property or by a third party; (vii) the amount
264 charged for separately stated compensation, fringe benefits, workers'
265 compensation and payroll taxes or assessments paid to or on behalf of
266 employees of a retailer who has contracted to manage a service
267 recipient's property or business premises and renders management
268 services described in subparagraph (I) or (J) of subdivision (37) of this
269 subsection, provided, the employees perform such services solely for
270 the service recipient at its property or business premises and "sales
271 price" shall include the separately stated compensation, fringe benefits,
272 workers' compensation and payroll taxes or assessments paid to or on
273 behalf of any employee of the retailer who is an officer, director or
274 owner of more than five per cent of the outstanding capital stock of the

275 retailer. Determination whether an employee performs services solely
276 for a service recipient at its property or business premises for purposes
277 of this subdivision shall be made by reference to such employee's
278 activities during the time period beginning on the later of the
279 commencement of the management contract, the date of the
280 employee's first employment by the retailer or the date which is six
281 months immediately preceding the date of such determination; (viii)
282 the amount charged for separately stated compensation, fringe
283 benefits, workers' compensation and payroll taxes or assessments paid
284 to or on behalf of (I) a leased employee, or (II) a worksite employee by
285 a professional employer organization pursuant to a professional
286 employer agreement. For purposes of this subparagraph, an employee
287 shall be treated as a leased employee if the employee is provided to the
288 client at the commencement of an agreement with an employee leasing
289 organization under which at least seventy-five per cent of the
290 employees provided to the client at the commencement of such initial
291 agreement qualify as leased employees pursuant to Section 414(n) of
292 the Internal Revenue Code of 1986, or any subsequent corresponding
293 internal revenue code of the United States, as from time to time
294 amended, or the employee is added to the client's workforce by the
295 employee leasing organization subsequent to the commencement of
296 such initial agreement and qualifies as a leased employee pursuant to
297 Section 414(n) of said Internal Revenue Code of 1986 without regard to
298 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
299 worksite employee subject to a professional employer agreement, shall
300 not include any employee who is hired by a temporary help service
301 and assigned to support or supplement the workforce of a temporary
302 help service's client; (ix) any amount received by a retailer from a
303 purchaser as the battery deposit that is required to be paid under
304 subsection (a) of section 22a-245h; the refund value of a beverage
305 container that is required to be paid under subsection (a) of section
306 22a-244; or a deposit that is required by law to be paid by the
307 purchaser to the retailer and that is required by law to be refunded to
308 the purchaser by the retailer when the same or similar tangible
309 personal property is delivered as required by law to the retailer by the

310 purchaser, if such amount is separately stated on the bill or invoice
311 rendered by the retailer to the purchaser; and (x) the amount charged
312 for separately stated compensation, fringe benefits, workers'
313 compensation and payroll taxes or assessments paid to a media payroll
314 services company, as defined in this subsection.

315 (9) (A) "Gross receipts" means the total amount of the sales price
316 from retail sales of tangible personal property by a retailer, the total
317 amount of the rent from transfers of occupancy of rooms by an
318 operator, the total amount of the sales price from retail sales of any
319 service described in subdivision (2) of this subsection by a retailer of
320 services, or the total amount of payment or periodic payments from
321 leases or rentals of tangible personal property by a retailer, valued in
322 money, whether received in money or otherwise, which amount is due
323 and owing to the retailer or operator and, subject to the provisions of
324 subdivision (1) of section 12-408, as amended by this act, whether or
325 not actually received by the retailer or operator, without any deduction
326 on account of any of the following: (i) The cost of the property sold;
327 however, in accordance with such regulations as the Commissioner of
328 Revenue Services may prescribe, a deduction may be taken if the
329 retailer has purchased property for some other purpose than resale,
330 has reimbursed the retailer's vendor for tax which the vendor is
331 required to pay to the state or has paid the use tax with respect to the
332 property, and has resold the property prior to making any use of the
333 property other than retention, demonstration or display while holding
334 it for sale in the regular course of business. If such a deduction is taken
335 by the retailer, no refund or credit will be allowed to the retailer's
336 vendor with respect to the sale of the property; (ii) the cost of the
337 materials used, labor or service cost, interest paid, losses or any other
338 expense; (iii) for any sale occurring on or after July 1, 1993, except for
339 any item exempt from taxation pursuant to section 12-412, any charges
340 by the retailer to the purchaser for shipping or delivery,
341 notwithstanding whether such charges are separately stated in the
342 written contract, or on a bill or invoice rendered to such purchaser or
343 whether such shipping or delivery is provided by the retailer or a third

344 party. The total amount of the sales price includes any services that are
 345 a part of the sale; all receipts, cash, credits and property of any kind;
 346 except as otherwise provided in subparagraph (B)(v) or (B)(vi) of this
 347 subdivision, any amount for which credit is allowed by the retailer to
 348 the purchaser; and all compensation and all employment-related
 349 expenses, whether or not separately stated, paid to or on behalf of
 350 employees of a retailer of any service described in subdivision (2) of
 351 this subsection.

352 (B) "Gross receipts" do not include any of the following: (i) Cash
 353 discounts allowed and taken on sales; (ii) any portion of the sales price
 354 of property returned by purchasers, which upon rescission of the
 355 contract of sale is refunded either in cash or credit, provided the
 356 property is returned within ninety days from the date of sale; (iii) the
 357 amount of any tax, not including any manufacturers' or importers'
 358 excise tax, imposed by the United States upon or with respect to retail
 359 sales whether imposed upon the retailer or the purchaser; (iv) the
 360 amount charged for labor rendered in installing or applying the
 361 property sold, provided such charge is separately stated and exclusive
 362 of such charge for any service rendered within the purview of
 363 subparagraph (I) of subdivision (37) of this subsection; (v) unless the
 364 provisions of subdivision (4) of section 12-430 or of section 12-430a are
 365 applicable, any amount for which credit is given to the purchaser by
 366 the retailer, provided such credit is given solely for property of the
 367 same kind accepted in part payment by the retailer and intended by
 368 the retailer to be resold; (vi) the full face value of any coupon used by a
 369 purchaser to reduce the price paid to the retailer for an item of tangible
 370 personal property, whether or not the retailer will be reimbursed for
 371 such coupon, in whole or in part, by the manufacturer of the item of
 372 tangible personal property or by a third party; (vii) the amount
 373 charged for separately stated compensation, fringe benefits, workers'
 374 compensation and payroll taxes or assessments paid to or on behalf of
 375 employees of a retailer who has contracted to manage a service
 376 recipient's property or business premises and renders management
 377 services described in subparagraph (I) or (J) of subdivision (37) of this

378 subsection, provided the employees perform such services solely for
 379 the service recipient at its property or business premises and "gross
 380 receipts" shall include the separately stated compensation, fringe
 381 benefits, workers' compensation and payroll taxes or assessments paid
 382 to or on behalf of any employee of the retailer who is an officer,
 383 director or owner of more than five per cent of the outstanding capital
 384 stock of the retailer. Determination whether an employee performs
 385 services solely for a service recipient at its property or business
 386 premises for purposes of this subdivision shall be made by reference to
 387 such employee's activities during the time period beginning on the
 388 later of the commencement of the management contract, the date of the
 389 employee's first employment by the retailer or the date which is six
 390 months immediately preceding the date of such determination; (viii)
 391 the amount charged for separately stated compensation, fringe
 392 benefits, workers' compensation and payroll taxes or assessments paid
 393 to or on behalf of (I) a leased employee, or (II) a worksite employee by
 394 a professional employer organization pursuant to a professional
 395 employer agreement. For purposes of this subparagraph, an employee
 396 shall be treated as a leased employee if the employee is provided to the
 397 client at the commencement of an agreement with an employee leasing
 398 organization under which at least seventy-five per cent of the
 399 employees provided to the client at the commencement of such initial
 400 agreement qualify as leased employees pursuant to Section 414(n) of
 401 the Internal Revenue Code of 1986, or any subsequent corresponding
 402 internal revenue code of the United States, as from time to time
 403 amended, or the employee is added to the client's workforce by the
 404 employee leasing organization subsequent to the commencement of
 405 such initial agreement and qualifies as a leased employee pursuant to
 406 Section 414(n) of said Internal Revenue Code of 1986 without regard to
 407 subparagraph (B) of paragraph (2) thereof. A leased employee, or a
 408 worksite employee subject to a professional employer agreement, shall
 409 not include any employee who is hired by a temporary help service
 410 and assigned to support or supplement the workforce of a temporary
 411 help service's client; (ix) the amount received by a retailer from a
 412 purchaser as the battery deposit that is required to be paid under

413 subsection (a) of section 22a-256h; the refund value of a beverage
414 container that is required to be paid under subsection (a) of section
415 22a-244 or a deposit that is required by law to be paid by the purchaser
416 to the retailer and that is required by law to be refunded to the
417 purchaser by the retailer when the same or similar tangible personal
418 property is delivered as required by law to the retailer by the
419 purchaser, if such amount is separately stated on the bill or invoice
420 rendered by the retailer to the purchaser; and (x) the amount charged
421 for separately stated compensation, fringe benefits, workers'
422 compensation and payroll taxes or assessments paid to a media payroll
423 services company, as defined in this subsection.

424 (10) "Business" includes any activity engaged in by any person or
425 caused to be engaged in by any person with the object of gain, benefit
426 or advantage, either direct or indirect.

427 (11) "Seller" includes every person engaged in the business of selling
428 tangible personal property or rendering any service described in any of
429 the subparagraphs of subdivision (2) of this subsection, the gross
430 receipts from the retail sale of which are required to be included in the
431 measure of the sales tax and every operator as defined in subdivision
432 (18) of this subsection.

433 (12) "Retailer" includes: (A) Every person engaged in the business of
434 making sales at retail or in the business of making retail sales at
435 auction of tangible personal property owned by the person or others;
436 (B) every person engaged in the business of making sales for storage,
437 use or other consumption or in the business of making sales at auction
438 of tangible personal property owned by the person or others for
439 storage, use or other consumption; (C) every operator, as defined in
440 subdivision (18) of this subsection; (D) every seller rendering any
441 service described in subdivision (2) of this subsection; (E) every person
442 under whom any salesman, representative, peddler or canvasser
443 operates in this state, or from whom such salesman, representative,
444 peddler or canvasser obtains the tangible personal property that is
445 sold; (F) every person with whose assistance any seller is enabled to

446 solicit orders within this state; (G) every person making retail sales
 447 from outside this state to a destination within this state and not
 448 maintaining a place of business in this state who engages in regular or
 449 systematic solicitation of sales of tangible personal property in this
 450 state (i) by the display of advertisements on billboards or other
 451 outdoor advertising in this state, (ii) by the distribution of catalogs,
 452 periodicals, advertising flyers or other advertising by means of print,
 453 radio or television media, or (iii) by mail, telegraphy, telephone,
 454 computer data base, cable, optic, microwave or other communication
 455 system, for the purpose of effecting retail sales of tangible personal
 456 property, provided such person has made one hundred or more retail
 457 sales from outside this state to destinations within this state during the
 458 twelve-month period ended on the September thirtieth immediately
 459 preceding the monthly or quarterly period with respect to which such
 460 person's liability for tax under this chapter is determined; (H) any
 461 person owned or controlled, either directly or indirectly, by a retailer
 462 engaged in business in this state which is the same as or similar to the
 463 line of business in which such person so owned or controlled is
 464 engaged; (I) any person owned or controlled, either directly or
 465 indirectly, by the same interests that own or control, either directly or
 466 indirectly, a retailer engaged in business in this state which is the same
 467 as or similar to the line of business in which such person so owned or
 468 controlled is engaged; (J) any assignee of a person engaged in the
 469 business of leasing tangible personal property to others, where leased
 470 property of such person which is subject to taxation under this chapter
 471 is situated within this state and such assignee has a security interest, as
 472 defined in subdivision (35) of subsection (b) of section 42a-1-201, in
 473 such property; (K) every person making retail sales of items of tangible
 474 personal property from outside this state to a destination within this
 475 state and not maintaining a place of business in this state who repairs
 476 or services such items, under a warranty, in this state, either directly or
 477 indirectly through an agent, independent contractor or subsidiary; and
 478 (L) every person making sales of tangible personal property or services
 479 through an agreement with another person located in this state under
 480 which such person located in this state, for a commission or other

481 consideration that is based upon the sale of tangible personal property
 482 or services by the retailer, directly or indirectly refers potential
 483 customers, whether by a link on an Internet web site or otherwise, to
 484 the retailer, provided the cumulative gross receipts from sales by the
 485 retailer to customers in the state who are referred to the retailer by all
 486 such persons with this type of an agreement with the retailer, is in
 487 excess of two thousand dollars during the preceding four quarterly
 488 periods ending on the last day of March, June, September and
 489 December.

490 (13) "Tangible personal property" means personal property which
 491 may be seen, weighed, measured, felt or touched or which is in any
 492 other manner perceptible to the senses including canned or prewritten
 493 computer software. Tangible personal property includes the
 494 distribution, generation or transmission of electricity.

495 (14) "In this state" or "in the state" means within the exterior limits of
 496 the state of Connecticut and includes all territory within these limits
 497 owned by or ceded to the United States of America.

498 (15) (A) "Engaged in business in the state" means and includes but
 499 shall not be limited to the following acts or methods of transacting
 500 business: (i) Selling in this state, or any activity in this state in
 501 connection with selling in this state, tangible personal property for use,
 502 storage or consumption within the state; (ii) engaging in the transfer
 503 for a consideration of the occupancy of any room or rooms in a hotel,
 504 bed and breakfast establishment or lodging house for a period of thirty
 505 consecutive calendar days or less; (iii) rendering in this state any
 506 service described in any of the subparagraphs of subdivision (2) of this
 507 subsection; (iv) maintaining, occupying or using, permanently or
 508 temporarily, directly or indirectly, through a subsidiary or agent, by
 509 whatever name called, any office, place of distribution, sales or sample
 510 room or place, warehouse or storage point or other place of business or
 511 having any representative, agent, salesman, canvasser or solicitor
 512 operating in this state for the purpose of selling, delivering or taking
 513 orders; (v) notwithstanding the fact that retail sales are made from

514 outside this state to a destination within this state and that a place of
 515 business is not maintained in this state, engaging in regular or
 516 systematic solicitation of sales of tangible personal property in this
 517 state by the display of advertisements on billboards or other outdoor
 518 advertising in this state, by the distribution of catalogs, periodicals,
 519 advertising flyers or other advertising by means of print, radio or
 520 television media, or by mail, telegraphy, telephone, computer data
 521 base, cable, optic, microwave or other communication system, for the
 522 purpose of effecting retail sales of tangible personal property,
 523 provided one hundred or more retail sales from outside this state to
 524 destinations within this state are made during the twelve-month
 525 period ended on the September thirtieth immediately preceding the
 526 monthly or quarterly period with respect to which liability for tax
 527 under this chapter is determined; (vi) being owned or controlled,
 528 either directly or indirectly, by a retailer engaged in business in this
 529 state which is the same as or similar to the line of business in which the
 530 retailer so owned or controlled is engaged; (vii) being owned or
 531 controlled, either directly or indirectly, by the same interests that own
 532 or control, either directly or indirectly, a retailer engaged in business in
 533 this state which is the same as or similar to the line of business in
 534 which the retailer so owned or controlled is engaged; (viii) being the
 535 assignee of a person engaged in the business of leasing tangible
 536 personal property to others, where leased property of such person is
 537 situated within this state and such assignee has a security interest, as
 538 defined in subdivision (35) of subsection (b) of section 42a-1-201, in
 539 such property; (ix) notwithstanding the fact that retail sales of items of
 540 tangible personal property are made from outside this state to a
 541 destination within this state and that a place of business is not
 542 maintained in this state, repairing or servicing such items, under a
 543 warranty, in this state, either directly or indirectly through an agent,
 544 independent contractor or subsidiary; and (x) selling tangible personal
 545 property or services through an agreement with a person located in
 546 this state, under which such person located in this state, for a
 547 commission or other consideration that is based upon the sale of
 548 tangible personal property or services by the retailer, directly or

549 indirectly refers potential customers, whether by a link on an Internet
550 web site or otherwise, to the retailer, provided the cumulative gross
551 receipts from sales by the retailer to customers in the state who are
552 referred to the retailer by all such persons with this type of agreement
553 with the retailer is in excess of two thousand dollars during the four
554 preceding four quarterly periods ending on the last day of March,
555 June, September and December.

556 (B) A retailer who has contracted with a commercial printer for
557 printing and distribution of printed material shall not be deemed to be
558 engaged in business in this state because of the ownership or leasing
559 by the retailer of tangible or intangible personal property located at the
560 premises of the commercial printer in this state, the sale by the retailer
561 of property of any kind produced or processed at and shipped or
562 distributed from the premises of the commercial printer in this state,
563 the activities of the retailer's employees or agents at the premises of the
564 commercial printer in this state, which activities relate to quality
565 control, distribution or printing services performed by the printer, or
566 the activities of any kind performed by the commercial printer in this
567 state for or on behalf of the retailer.

568 (C) A retailer not otherwise a retailer engaged in business in the
569 state who purchases fulfillment services carried on in this state by a
570 person other than an affiliated person, or who owns tangible personal
571 property located on the premises of an unaffiliated person performing
572 fulfillment services for such retailer shall not be deemed to be engaged
573 in business in the state. For purposes of this subparagraph, persons are
574 affiliated persons with respect to each other where one of such persons
575 has an ownership interest of more than five per cent, whether direct or
576 indirect, in the other, or where an ownership interest of more than five
577 per cent, whether direct or indirect, is held in each of such persons by
578 another person or by a group of other persons who are affiliated
579 persons with respect to each other. For purposes of this subparagraph,
580 "fulfillment services" means services that are performed by a person on
581 its premises on behalf of a purchaser of such services and that involve

582 the receipt of orders from the purchaser of such services or an agent
 583 thereof, which orders are to be filled by the person from an inventory
 584 of products that are offered for sale by the purchaser of such services,
 585 and the shipment of such orders to customers of the purchaser of such
 586 services.

587 (D) A retailer not otherwise a retailer engaged in business in this
 588 state that participates in a trade show or shows at the convention
 589 center, as defined in subdivision (3) of section 32-600, shall not be
 590 deemed to be engaged in business in this state, regardless of whether
 591 the retailer has employees or other staff present at such trade shows,
 592 provided the retailer's activity at such trade shows is limited to
 593 displaying goods or promoting services, no sales are made, any orders
 594 received are sent outside this state for acceptance or rejection and are
 595 filled from outside this state, and provided further that such
 596 participation is not more than fourteen days, or part thereof, in the
 597 aggregate during the retailer's income year for federal income tax
 598 purposes.

599 (16) "Hotel" means any building regularly used and kept open as
 600 such for the feeding and lodging of guests where any person who
 601 conducts himself properly and who is able and ready to pay for such
 602 services is received if there are accommodations for such person and
 603 which derives the major portion of its operating receipts from the
 604 renting of rooms and the sale of food. "Hotel" shall include any
 605 apartment hotel wherein apartments are rented for fixed periods of
 606 time, furnished or unfurnished, while the keeper of such hotel supplies
 607 food to the occupants thereof, if required, and shall not include any
 608 bed and breakfast establishment.

609 (17) "Lodging house" means any building or portion of a building,
 610 other than a bed and breakfast establishment, hotel or apartment hotel,
 611 in which persons are lodged for hire with or without meals, including,
 612 but not limited to, any motel, motor court, motor inn, tourist court or
 613 similar accommodation; provided the terms "hotel", "apartment hotel"
 614 [and] "lodging house" and "bed and breakfast establishment" shall not

615 be construed to include: (A) Privately owned and operated
616 convalescent homes, residential care homes, homes for the infirm,
617 indigent or chronically ill; (B) religious or charitable homes for the
618 aged, infirm, indigent or chronically ill; (C) privately owned and
619 operated summer camps for children; (D) summer camps for children
620 operated by religious or charitable organizations; (E) lodging
621 accommodations at educational institutions; or (F) lodging
622 accommodations at any facility operated by and in the name of any
623 nonprofit charitable organization, provided the income from such
624 lodging accommodations at such facility is not subject to federal
625 income tax.

626 (18) "Operator" means any person operating a hotel, bed and
627 breakfast establishment or lodging house in the state, including, but
628 not limited to, the owner or proprietor of such premises, lessee,
629 sublessee, mortgagee in possession, licensee or any other person
630 otherwise operating such hotel, bed and breakfast establishment or
631 lodging house.

632 (19) "Occupancy" means the use or possession, or the right to the
633 use or possession, of any room or rooms in a hotel, bed and breakfast
634 establishment or lodging house, or the right to the use or possession of
635 the furnishings or the services and accommodations accompanying the
636 use and possession of such room or rooms, for the first period of not
637 more than thirty consecutive calendar days.

638 (20) "Room" means any room or rooms of any kind in any part or
639 portion of a hotel, bed and breakfast establishment or lodging house
640 let out for use or possession for lodging purposes.

641 (21) "Rent" means the consideration received for occupancy valued
642 in money, whether received in money or otherwise, including all
643 receipts, cash, credits and property or services of any kind or nature,
644 and also any amount for which credit is allowed by the operator to the
645 occupant, without any deduction therefrom whatsoever.

646 (22) "Certificated air carrier" means a person issued a certificate or
647 certificates by the Federal Aviation Administration pursuant to Title
648 14, Chapter I, Subchapter G, Part 121, 135, 139 or 141 of the Code of
649 Federal Regulations or the Civil Aeronautics Board pursuant to Title
650 14, Chapter II, Subchapter A, Parts 201 to 208, inclusive, and 298 of the
651 Code of Federal Regulations, as such regulations may hereafter be
652 amended or reclassified.

653 (23) "Aircraft" means aircraft, as the term is defined in section 15-34.

654 (24) "Vessel" means vessel, as the term is defined in section 15-127.

655 (25) "Licensed marine dealer" means a marine dealer, as the term is
656 defined in section 15-141, who has been issued a marine dealer's
657 certificate by the Commissioner of Energy and Environmental
658 Protection.

659 (26) (A) "Telecommunications service" means the electronic
660 transmission, conveyance or routing of voice, image, data audio, video
661 or any other information or signals to a point or between or among
662 points. "Telecommunications service" includes such transmission,
663 conveyance or routing in which computer processing applications are
664 used to act on the form, code or protocol of the content for purposes of
665 transmission, conveyance or routing without regard to whether such
666 service is referred to as a voice over Internet protocol service or is
667 classified by the Federal Communications Commission as enhanced or
668 value added. "Telecommunications service" does not include (i) value-
669 added nonvoice data services, (ii) radio and television audio and video
670 programming services, regardless of the medium, including the
671 furnishing of transmission, conveyance or routing of such services by
672 the programming service provider. Radio and television audio and
673 video programming services shall include, but not be limited to, cable
674 service as defined in 47 USC 522(6), audio and video programming
675 services delivered by commercial mobile radio service providers, as
676 defined in 47 CFR 20, and video programming service by certified
677 competitive video service providers, (iii) any telecommunications

678 service (I) rendered by a company in control of such service when
 679 rendered for private use within its organization, or (II) used, allocated
 680 or distributed by a company within its organization, including in such
 681 organization affiliates, as defined in section 33-840, for the purpose of
 682 conducting business transactions of the organization if such service is
 683 purchased or leased from a company rendering telecommunications
 684 service and such purchase or lease is subject to tax under this chapter,
 685 (iv) access or interconnection service purchased by a provider of
 686 telecommunications service from another provider of such service for
 687 purposes of rendering such service, provided the purchaser submits to
 688 the seller a certificate attesting to the applicability of this exclusion,
 689 upon receipt of which the seller is relieved of any tax liability for such
 690 sale so long as the certificate is taken in good faith by the seller, (v)
 691 data processing and information services that allow data to be
 692 generated, acquired, stored, processed or retrieved and delivered by
 693 an electronic transmission to a purchaser where such purchaser's
 694 primary purpose for the underlying transaction is the processed data
 695 or information, (vi) installation or maintenance of wiring equipment
 696 on a customer's premises, (vii) tangible personal property, (viii)
 697 advertising, including, but not limited to, directory advertising, (ix)
 698 billing and collection services provided to third parties, (x) Internet
 699 access service, (xi) ancillary services, and (xii) digital products
 700 delivered electronically, including, but not limited to, software, music,
 701 video, reading materials or ring tones.

702 (B) For purposes of the tax imposed under this chapter (i) gross
 703 receipts from the rendering of telecommunications service shall
 704 include any subscriber line charge or charges as required by the
 705 Federal Communications Commission and any charges for access
 706 service collected by any person rendering such service unless
 707 otherwise excluded from such gross receipts under this chapter, and
 708 such gross receipts from the rendering of telecommunications service
 709 shall also include any charges for vertical service, for the installation or
 710 maintenance of wiring equipment on a customer's premises, and for
 711 directory assistance service; (ii) gross receipts from the rendering of

712 telecommunications service shall not include any local charge for calls
713 from public or semipublic telephones; and (iii) gross receipts from the
714 rendering of telecommunications service shall not include any charge
715 for calls purchased using a prepaid telephone calling service, as
716 defined in subdivision (34) of this subsection.

717 (27) "Community antenna television service" means (A) the one-way
718 transmission to subscribers of video programming or information by
719 cable, fiber optics, satellite, microwave or any other means, and
720 subscriber interaction, if any, which is required for the selection of
721 such video programming or information, and (B) noncable
722 communications service, as defined in section 16-1, unless such
723 noncable communications service is purchased by a cable network as
724 that term is used in subsection (k) of section 12-218.

725 (28) "Hospital" means a hospital included within the definition of
726 health care facilities or institutions under section 19a-630 and licensed
727 as a short-term general hospital by the Department of Public Health,
728 but does not include (A) any hospital which, on January 30, 1997, is
729 within the class of hospitals licensed by the department as children's
730 general hospitals, or (B) a short-term acute hospital operated
731 exclusively by the state other than a short-term acute hospital operated
732 by the state as a receiver pursuant to chapter 920.

733 (29) "Patient care services" means therapeutic and diagnostic
734 medical services provided by the hospital to inpatients and outpatients
735 including tangible personal property transferred in connection with
736 such services.

737 (30) "Another state" or "other state" means any state of the United
738 States or the District of Columbia excluding the state of Connecticut.

739 (31) "Professional employer agreement" means a written contract
740 between a professional employer organization and a service recipient
741 whereby the professional employer organization agrees to provide at
742 least seventy-five per cent of the employees at the service recipient's

743 worksite, which contract provides that such worksite employees are
744 intended to be permanent employees rather than temporary
745 employees, and employer responsibilities for such worksite
746 employees, including hiring, firing and disciplining, are allocated
747 between the professional employer organization and the service
748 recipient.

749 (32) "Professional employer organization" means any person that
750 enters into a professional employer agreement with a service recipient
751 whereby the professional employer organization agrees to provide at
752 least seventy-five per cent of the employees at the service recipient's
753 worksite.

754 (33) "Worksite employee" means an employee, the employer
755 responsibilities for which, including hiring, firing and disciplining, are
756 allocated, under a professional employer agreement, between a
757 professional employer organization and a service recipient.

758 (34) "Prepaid telephone calling service" means the right to
759 exclusively purchase telecommunications service, that must be paid for
760 in advance and that enables the origination of calls using an access
761 number or authorization code, or both, whether manually or
762 electronically dialed, provided the remaining amount of units of
763 service that have been prepaid shall be known on a continuous basis.

764 (35) "Canned or prewritten software" means all software, other than
765 custom software, that is held or existing for general or repeated sale,
766 license or lease. Software initially developed as custom software for in-
767 house use and subsequently sold, licensed or leased to unrelated third
768 parties shall be considered canned or prewritten software.

769 (36) "Custom software" means a computer program prepared to the
770 special order of a single customer.

771 (37) "Services" for purposes of subdivision (2) of this subsection,
772 means:

773 (A) Computer and data processing services, including, but not
774 limited to, time, programming, code writing, modification of existing
775 programs, feasibility studies and installation and implementation of
776 software programs and systems even where such services are rendered
777 in connection with the development, creation or production of canned
778 or custom software or the license of custom software;

779 (B) Credit information and reporting services;

780 (C) Services by employment agencies and agencies providing
781 personnel services;

782 (D) Private investigation, protection, patrol work, watchman and
783 armored car services, exclusive of (i) services of off-duty police officers
784 and off-duty firefighters, and (ii) coin and currency services provided
785 to a financial services company by or through another financial
786 services company. For purposes of this subparagraph, "financial
787 services company" has the same meaning as provided under
788 subparagraphs (A) to (H), inclusive, of subdivision (6) of subsection (a)
789 of section 12-218b;

790 (E) Painting and lettering services;

791 (F) Photographic studio services;

792 (G) Telephone answering services;

793 (H) Stenographic services;

794 (I) Services to industrial, commercial or income-producing real
795 property, including, but not limited to, such services as management,
796 electrical, plumbing, painting and carpentry, provided
797 income-producing property shall not include property used
798 exclusively for residential purposes in which the owner resides and
799 which contains no more than three dwelling units, or a housing facility
800 for low and moderate income families and persons owned or operated
801 by a nonprofit housing organization, as defined in subdivision (29) of

802 section 12-412;

803 (J) Business analysis, management, management consulting and
804 public relations services, excluding (i) any environmental consulting
805 services, (ii) any training services provided by an institution of higher
806 education licensed or accredited by the Board of Regents for Higher
807 Education or Office of Higher Education pursuant to sections 10a-35a
808 and 10a-34, respectively, and (iii) on and after January 1, 1994, any
809 business analysis, management, management consulting and public
810 relations services when such services are rendered in connection with
811 an aircraft leased or owned by a certificated air carrier or in connection
812 with an aircraft which has a maximum certificated take-off weight of
813 six thousand pounds or more;

814 (K) Services providing "piped-in" music to business or professional
815 establishments;

816 (L) Flight instruction and chartering services by a certificated air
817 carrier on an aircraft, the use of which for such purposes, but for the
818 provisions of subdivision (4) of section 12-410 and subdivision (12) of
819 section 12-411, would be deemed a retail sale and a taxable storage or
820 use, respectively, of such aircraft by such carrier;

821 (M) Motor vehicle repair services, including any type of repair,
822 painting or replacement related to the body or any of the operating
823 parts of a motor vehicle;

824 (N) Motor vehicle parking, including the provision of space, other
825 than metered space, in a lot having thirty or more spaces, excluding (i)
826 space in a parking lot owned or leased under the terms of a lease of not
827 less than ten years' duration and operated by an employer for the
828 exclusive use of its employees, and (ii) space in municipally operated
829 railroad parking facilities in municipalities located within an area of
830 the state designated as a severe nonattainment area for ozone under
831 the federal Clean Air Act or space in a railroad parking facility in a
832 municipality located within an area of the state designated as a severe

833 nonattainment area for ozone under the federal Clean Air Act owned
834 or operated by the state on or after April 1, 2000;

835 (O) Radio or television repair services;

836 (P) Furniture reupholstering and repair services;

837 (Q) Repair services to any electrical or electronic device, including,
838 but not limited to, equipment used for purposes of refrigeration or
839 air-conditioning;

840 (R) Lobbying or consulting services for purposes of representing the
841 interests of a client in relation to the functions of any governmental
842 entity or instrumentality;

843 (S) Services of the agent of any person in relation to the sale of any
844 item of tangible personal property for such person, exclusive of the
845 services of a consignee selling works of art, as defined in subsection (b)
846 of section 12-376c, or articles of clothing or footwear intended to be
847 worn on or about the human body other than (i) any special clothing
848 or footwear primarily designed for athletic activity or protective use
849 and which is not normally worn except when used for the athletic
850 activity or protective use for which it was designed, and (ii) jewelry,
851 handbags, luggage, umbrellas, wallets, watches and similar items
852 carried on or about the human body but not worn on the body, under
853 consignment, exclusive of services provided by an auctioneer;

854 (T) Locksmith services;

855 (U) Advertising or public relations services, including layout, art
856 direction, graphic design, mechanical preparation or production
857 supervision, not related to the development of media advertising or
858 cooperative direct mail advertising;

859 (V) Landscaping and horticulture services;

860 (W) Window cleaning services;

861 (X) Maintenance services;

862 (Y) Janitorial services;

863 (Z) Exterminating services;

864 (AA) Swimming pool cleaning and maintenance services;

865 (BB) Miscellaneous personal services included in industry group 729
866 in the Standard Industrial Classification Manual, United States Office
867 of Management and Budget, 1987 edition, or U.S. industry 532220,
868 812191, 812199 or 812990 in the North American Industrial
869 Classification System United States Manual, United States Office of
870 Management and Budget, 1997 edition, exclusive of (i) services
871 rendered by massage therapists licensed pursuant to chapter 384a, and
872 (ii) services rendered by an electrologist licensed pursuant to chapter
873 388;

874 (CC) Any repair or maintenance service to any item of tangible
875 personal property including any contract of warranty or service related
876 to any such item;

877 (DD) Business analysis, management or managing consulting
878 services rendered by a general partner, or an affiliate thereof, to a
879 limited partnership, provided (i) the general partner, or an affiliate
880 thereof, is compensated for the rendition of such services other than
881 through a distributive share of partnership profits or an annual
882 percentage of partnership capital or assets established in the limited
883 partnership's offering statement, and (ii) the general partner, or an
884 affiliate thereof, offers such services to others, including any other
885 partnership. As used in this subparagraph "an affiliate of a general
886 partner" means an entity which is directly or indirectly owned fifty per
887 cent or more in common with a general partner;

888 (EE) Notwithstanding the provisions of section 12-412, except
889 subdivision (87) of said section 12-412, patient care services, as defined
890 in subdivision (29) of this subsection by a hospital, except that "sale"

891 and "selling" does not include such patient care services for which
892 payment is received by the hospital during the period commencing
893 July 1, 2001, and ending June 30, 2003;

894 (FF) Health and athletic club services, exclusive of (i) any such
895 services provided without any additional charge which are included in
896 any dues or initiation fees paid to any such club, which dues or fees
897 are subject to tax under section 12-543, and (ii) any such services
898 provided by a municipality or an organization that is described in
899 Section 501(c) of the Internal Revenue Code of 1986, or any subsequent
900 corresponding internal revenue code of the United States, as from time
901 to time amended;

902 (GG) Motor vehicle storage services, including storage of motor
903 homes, campers and camp trailers, other than the furnishing of space
904 as described in subparagraph (P) of subdivision (2) of this subsection;

905 (HH) Packing and crating services, other than those provided in
906 connection with the sale of tangible personal property by the retailer of
907 such property;

908 (II) Motor vehicle towing and road services, other than motor
909 vehicle repair services;

910 (JJ) Intrastate transportation services provided by livery services,
911 including limousines, community cars or vans, with a driver. Intrastate
912 transportation services shall not include transportation by taxicab,
913 motor bus, ambulance or ambulette, scheduled public transportation,
914 nonemergency medical transportation provided under the Medicaid
915 program, paratransit services provided by agreement or arrangement
916 with the state or any political subdivision of the state, dial-a-ride
917 services or services provided in connection with funerals;

918 (KK) Pet grooming and pet boarding services, except if such services
919 are provided as an integral part of professional veterinary services,
920 and pet obedience services;

921 (LL) Services in connection with a cosmetic medical procedure. For
922 purposes of this subparagraph, "cosmetic medical procedure" means
923 any medical procedure performed on an individual that is directed at
924 improving the individual's appearance and that does not meaningfully
925 promote the proper function of the body or prevent or treat illness or
926 disease. "Cosmetic medical procedure" includes, but is not limited, to
927 cosmetic surgery, hair transplants, cosmetic injections, cosmetic soft
928 tissue fillers, dermabrasion and chemical peel, laser hair removal, laser
929 skin resurfacing, laser treatment of leg veins and sclerotherapy.
930 "Cosmetic medical procedure" does not include reconstructive surgery.
931 "Reconstructive surgery" includes any surgery performed on abnormal
932 structures caused by or related to congenital defects, developmental
933 abnormalities, trauma, infection, tumors or disease, including
934 procedures to improve function or give a more normal appearance;

935 (MM) Manicure services, pedicure services and all other nail
936 services, regardless of where performed, including airbrushing, fills,
937 full sets, nail sculpting, paraffin treatments and polishes;

938 (NN) Spa services, regardless of where performed, including body
939 waxing and wraps, peels, scrubs and facials; and

940 (OO) Car wash services, including coin-operated car washes.

941 (38) "Media payroll services company" means a retailer whose
942 principal business activity is the management and payment of
943 compensation, fringe benefits, workers' compensation, payroll taxes or
944 assessments to individuals providing services to an eligible production
945 company pursuant to section 12-217jj.

946 (39) "Certified competitive video service" means video
947 programming service provided through wireline facilities, a portion of
948 which are located in the public right-of-way, without regard to
949 delivery technology, including Internet protocol technology. "Certified
950 competitive video service" does not include any video programming
951 provided by a commercial mobile service provider, as defined in 47

952 USC 332(d); any video programming provided as part of community
953 antenna television service; any video programming provided as part
954 of, and via, a service that enables users to access content, information,
955 electronic mail or other services over the Internet.

956 (40) "Directory assistance" means an ancillary service of providing
957 telephone number information or address information.

958 (41) "Vertical service" means an ancillary service that is offered in
959 connection with one or more telecommunications services, offering
960 advanced calling features that allow customers to identify callers and
961 to manage multiple calls and call connections, including conference
962 bridging services.

963 (42) "Bed and breakfast establishment" means a private operator-
964 occupied house where persons are lodged for hire and a breakfast is
965 included in the rent.

966 (b) Wherever in this chapter reference is made to the sale of tangible
967 personal property or services, it shall be construed to include sales
968 described in subdivision (2) of subsection (a) of this section, except as
969 may be specifically provided to the contrary.

970 Sec. 3. Subdivision (1) of section 12-408 of the 2016 supplement to
971 the general statutes is repealed and the following is substituted in lieu
972 thereof (*Effective July 1, 2016, and applicable to sales occurring on or after*
973 *said date*):

974 (1) (A) For the privilege of making any sales, as defined in
975 subdivision (2) of subsection (a) of section 12-407, as amended by this
976 act, at retail, in this state for a consideration, a tax is hereby imposed
977 on all retailers at the rate of six and thirty-five-hundredths per cent of
978 the gross receipts of any retailer from the sale of all tangible personal
979 property sold at retail or from the rendering of any services
980 constituting a sale in accordance with subdivision (2) of subsection (a)
981 of section 12-407, as amended by this act, except, in lieu of said rate of
982 six and thirty-five-hundredths per cent, the rates provided in

983 subparagraphs (B) to (H), inclusive, of this subdivision;

984 (B) (i) At a rate of fifteen per cent with respect to each transfer of
985 occupancy, from the total amount of rent received for such occupancy
986 of any room or rooms in a hotel or lodging house for the first period
987 not exceeding thirty consecutive calendar days, and (ii) at a rate of ten
988 per cent with respect to each transfer of occupancy, from the total
989 amount of rent received for such occupancy of any room or rooms in a
990 bed and breakfast establishment for the first period not exceeding
991 thirty consecutive calendar days;

992 (C) With respect to the sale of a motor vehicle to any individual who
993 is a member of the armed forces of the United States and is on full-time
994 active duty in Connecticut and who is considered, under 50 App USC
995 574, a resident of another state, or to any such individual and the
996 spouse thereof, at a rate of four and one-half per cent of the gross
997 receipts of any retailer from such sales, provided such retailer requires
998 and maintains a declaration by such individual, prescribed as to form
999 by the commissioner and bearing notice to the effect that false
1000 statements made in such declaration are punishable, or other evidence,
1001 satisfactory to the commissioner, concerning the purchaser's state of
1002 residence under 50 App USC 574;

1003 (D) (i) With respect to the sales of computer and data processing
1004 services occurring on or after July 1, 1997, and prior to July 1, 1998, at
1005 the rate of five per cent, on or after July 1, 1998, and prior to July 1,
1006 1999, at the rate of four per cent, on or after July 1, 1999, and prior to
1007 July 1, 2000, at the rate of three per cent, on or after July 1, 2000, and
1008 prior to July 1, 2001, at the rate of two per cent, on or after July 1, 2001,
1009 at the rate of one per cent, and (ii) with respect to sales of Internet
1010 access services, on and after July 1, 2001, such services shall be exempt
1011 from such tax;

1012 (E) (i) With respect to the sales of labor that is otherwise taxable
1013 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of
1014 section 12-407, as amended by this act, on existing vessels and repair or

1015 maintenance services on vessels occurring on and after July 1, 1999,
1016 such services shall be exempt from such tax;

1017 (ii) With respect to the sale of a vessel, such sale shall be exempt
1018 from such tax provided such vessel is docked in this state for sixty or
1019 fewer days in a calendar year;

1020 (F) With respect to patient care services for which payment is
1021 received by the hospital on or after July 1, 1999, and prior to July 1,
1022 2001, at the rate of five and three-fourths per cent and on and after July
1023 1, 2001, such services shall be exempt from such tax;

1024 (G) With respect to the rental or leasing of a passenger motor
1025 vehicle for a period of thirty consecutive calendar days or less, at a rate
1026 of nine and thirty-five-hundredths per cent;

1027 (H) With respect to the sale of (i) a motor vehicle for a sales price
1028 exceeding fifty thousand dollars, at a rate of seven and three-fourths
1029 per cent on the entire sales price, (ii) jewelry, whether real or imitation,
1030 for a sales price exceeding five thousand dollars, at a rate of seven and
1031 three-fourths per cent on the entire sales price, and (iii) an article of
1032 clothing or footwear intended to be worn on or about the human body,
1033 a handbag, luggage, umbrella, wallet or watch for a sales price
1034 exceeding one thousand dollars, at a rate of seven and three-fourths
1035 per cent on the entire sales price. For purposes of this subparagraph,
1036 "motor vehicle" has the meaning provided in section 14-1, but does not
1037 include a motor vehicle subject to the provisions of subparagraph (C)
1038 of this subdivision, a motor vehicle having a gross vehicle weight
1039 rating over twelve thousand five hundred pounds, or a motor vehicle
1040 having a gross vehicle weight rating of twelve thousand five hundred
1041 pounds or less that is not used for private passenger purposes, but is
1042 designed or used to transport merchandise, freight or persons in
1043 connection with any business enterprise and issued a commercial
1044 registration or more specific type of registration by the Department of
1045 Motor Vehicles;

1046 (I) The rate of tax imposed by this chapter shall be applicable to all
 1047 retail sales upon the effective date of such rate, except that a new rate
 1048 which represents an increase in the rate applicable to the sale shall not
 1049 apply to any sales transaction wherein a binding sales contract without
 1050 an escalator clause has been entered into prior to the effective date of
 1051 the new rate and delivery is made within ninety days after the effective
 1052 date of the new rate. For the purposes of payment of the tax imposed
 1053 under this section, any retailer of services taxable under subparagraph
 1054 (I) of subdivision (2) of subsection (a) of section 12-407, as amended by
 1055 this act, who computes taxable income, for purposes of taxation under
 1056 the Internal Revenue Code of 1986, or any subsequent corresponding
 1057 internal revenue code of the United States, as from time to time
 1058 amended, on an accounting basis which recognizes only cash or other
 1059 valuable consideration actually received as income and who is liable
 1060 for such tax only due to the rendering of such services may make
 1061 payments related to such tax for the period during which such income
 1062 is received, without penalty or interest, without regard to when such
 1063 service is rendered;

1064 (J) For calendar quarters ending on or after September 30, 2011,
 1065 except for calendar quarters ending on or after July 1, 2016, but prior to
 1066 July 1, 2017, the commissioner shall deposit into the regional planning
 1067 incentive account, established pursuant to section 4-66k, six and seven-
 1068 tenths per cent of the amounts received by the state from the tax
 1069 imposed under subparagraph (B) of this subdivision and ten and
 1070 seven-tenths per cent of the amounts received by the state from the tax
 1071 imposed under subparagraph (G) of this subdivision;

1072 (K) (i) Notwithstanding the provisions of this section, for calendar
 1073 months commencing on or after May 1, 2016, but prior to May 1, 2017,
 1074 the commissioner shall deposit into the municipal revenue sharing
 1075 account established pursuant to section 4-66l four and seven-tenths per
 1076 cent of the amounts received by the state from the tax imposed under
 1077 subparagraph (A) of this subdivision;

1078 (ii) For calendar months commencing on or after May 1, 2017, but

1079 prior to July 1, 2017, the commissioner shall deposit into the municipal
1080 revenue sharing account established pursuant to section 4-66l six and
1081 three-tenths per cent of the amounts received by the state from the tax
1082 imposed under subparagraph (A) of this subdivision;

1083 (iii) For calendar months commencing on or after July 1, 2017, the
1084 commissioner shall deposit into the municipal revenue sharing
1085 account established pursuant to section 4-66l seven and nine-tenths per
1086 cent of the amounts received by the state from the tax imposed under
1087 subparagraph (A) of this subdivision; and

1088 (L) (i) Notwithstanding the provisions of this section, for calendar
1089 months commencing on or after December 1, 2015, but prior to October
1090 1, 2016, the commissioner shall deposit into the Special Transportation
1091 Fund established under section 13b-68 four and seven-tenths per cent
1092 of the amounts received by the state from the tax imposed under
1093 subparagraph (A) of this subdivision;

1094 (ii) For calendar months commencing on or after October 1, 2016,
1095 but prior to July 1, 2017, the commissioner shall deposit into the
1096 Special Transportation Fund established under section 13b-68 six and
1097 three-tenths per cent of the amounts received by the state from the tax
1098 imposed under subparagraph (A) of this subdivision; [and]

1099 (iii) For calendar months commencing on or after July 1, 2017, the
1100 commissioner shall deposit into the Special Transportation Fund
1101 established under section 13b-68 seven and nine-tenths per cent of the
1102 amounts received by the state from the tax imposed under
1103 subparagraph (A) of this subdivision; and

1104 (M) For calendar months commencing on or after July 1, 2016, the
1105 commissioner shall deposit into the state-wide marketing and
1106 promotion account, established under section 1 of this act, thirteen per
1107 cent of the amounts received by the state from the tax imposed under
1108 subparagraph (B) of this subdivision.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	New section
Sec. 2	<i>July 1, 2016, and applicable to sales occurring on or after said date</i>	12-407
Sec. 3	<i>July 1, 2016, and applicable to sales occurring on or after said date</i>	12-408(1)

CE***Joint Favorable C/R*****FIN**